

India's silver use triples in a decade, world share up from 14.7% to 39.2%

Several investors bought silver in 2011 when it peaked at Rs 75,000 a kg; many are holding on to avoid booking losses, only a few smart ones have averaged the cost at lower prices

Rajesh Bhayani | Mumbai June 14, 2018 Last Updated at 00:18 IST



Silver consumption in India has increased multi-fold in the past one decade, going by a report on the precious metal released recently by the Silver Institute. According to the World Silver Survey 2018, around 601 tonnes were used in the country in 2008 for jewellery making, and rose to 2,058 tonnes in

2017. In the same period, the use of the metal in silverware rose from 481 tonnes to 1,212 tonnes.

As a result, India's share of silver demand for jewellery and silverware in world market also increased from 14.7 per cent in 2008 to 39.2 per cent in 2017. During the decade, India imported nearly 45,000 tonnes of the metal. The trend for gold demand in jewellery and as an investment is quite different, having fallen in both categories in the country.

Most of the demand increase took place during the past five years. Going by the import figures, average annual import of silver between 2008 and 2012 was 3,080 tonnes, and rose to 5,800 tonnes between 2013 and 2017. Increase in industrial use of silver was significant during the period.

However, according to Chirag Thakker, Director, Amrapali Group, a major player in refining, jewellery and

trading, "As a refiner of scrap silver jewellery, we have noticed that the pure silver content in scrap used for refining purpose (for making jewellery and silverware) has diminished from 85 per cent to 50-55 per cent during the past five years. This is possibly due to adulteration." Hence demand for new silver to fill up the purity gap has also increased silver consumption.

Viraj Didwania, MD, Foresight Bullion India Pvt Ltd said, "Silver has been a preferred asset for buying by farmers when they have liquidity. It is also the first to be sold when they need money. As far as jewellery is concerned, a large share of rural silver demand is for making 'payal' while for silverware pooja items, idols take up a major share." Gold once bought is not sold frequently, but farmers buy silver when they have cash, and sell it the next season to buy seeds and fertilizers.

Agra-Mathura, Rajkot, Salem, Kolhapur are hubs for making silverware and jewellery. In rural and semi-urban areas, the demand from girls for 'payal', has gradually been replaced by the demand for mobile phones, says a dealer in Mathura.

India largely imports silver, at 5,677 tonnes in 2017, though the highest ever import was 7,249 tonnes in 2015. India also has other source of silver supply. According to the survey, "In 2017, supplies came from domestically mined and refined silver, metal refined from imported concentrates, and gold and silver dore. Our estimate is that these together contributed to approximately 717 tonnes." The survey explained that the increase in imports is attributed to restocking by fabricators and a pick-up in investment demand.

Investors are fond of buying and holding silver. Several investors bought the metal in 2011 when it reached an all-time high of Rs 75,000 a kg. According to Didwania, "They are still holding on to avoid booking losses. However only some smart investors averaged the cost when prices were lower."

